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24 January 1967

MEMORANDUM FOR: Mr. Robert W. Komer
Special Assistant to the President
The White House

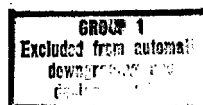
SUBJECT : The Enke Report

REFERENCE : Mr. Komer's 11 January 1967 Memorandum on
"Economic Warfare"

1. Dr. Enke's report is indeed a thorough, workmanlike and useful document. We certainly agree that a more effective economic warfare effort against the Viet Cong is needed. We also agree that, as Dr. Enke suggests, achievement of this objective will require a better organization of the present Economic Warfare Committee in terms of its authority and the priority status of its endeavors.

2. Dr. Enke's basic premise that a significant opportunity exists to attack the VC/NVA forces through such economic weapons as the denial of goods, however, is open to some question. Theoretically, this is certainly true. Practically, the cooperation necessary for effective denial programs has never been provided by the GVN and will probably not be forthcoming from the Saigon Government in the foreseeable future. This does not mean we should eschew economic warfare nor does it mean we should not try harder to improve the allocation of funds and personnel to the Resources Control Office. We must recognize, however, that the demands on Vietnamese who can be depended upon for reliable execution of unpopular programs are so great and the number of such Vietnamese in responsible positions so few that GVN denial programs will always be very difficult to carry out.

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3. In more specific terms, we would take issue with some of the conclusions and recommendations in Chapter IX. Item 17, for example, calls for the confiscation of specific goods found in unauthorized civilian hands that have come from U. S. Commissary and PX stores. The principal target here is, of course, the black market in Saigon and other urban areas. The basic political problems involved in such a widespread and open black market, however, are nettles we believe no GVN is really likely to grasp.

4. Similarly, the recommendations on the salt denial (Item 18), the protection of GVN unrefined salt piles, and the interdiction of movements to VC strongholds are all suggestions which have merit but would be extremely difficult and costly to implement.

5. Much of what is said about GVN rice policy is true, and the present policy certainly has many unacceptable features. There are, nonetheless, a number of problems that are not considered in the policy Dr. Enke recommends. For example, the establishment of government purchasing houses (Item 24, d) would be fraught with possibilities for corruption and extortion by provincial officials. It would be very difficult to provide security for physical stores of rice in provincial warehouses in the context of the actual situation now existing in most provinces in South Vietnam. The proposal that a reasonable "world" price be paid to Vietnamese farmers ignores the facts of life in Vietnamese rice marketing procedures. Although it might be argued that the ramasseurs' share of the rice price is unnecessarily and unjustifiably large, we doubt if the total reorganization of the distribution system sufficient to curtail the ramasseurs' rule could be effected under present circumstances where the government has so little control in rural areas and where these ramasseurs are an essential feature of the entire present distribution system. Cambodia tried such a reorganization without the added complication of an active insurgency and has not been too successful.

6. We should certainly strengthen and improve our use of economic weapons against the Viet Cong, including financial rewards for assisting a GVN or Allied cause and, wherever possible, denial of goods and services required by our Communist adversaries. We believe, however, that Dr. Enke's paper does not really provide a proper schedule of priorities for the use of these weapons. If an economic warfare program is to be effective, we must be careful not to attempt everything at once.

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We should select only a few of the more important measures (however desirable other measures might intrinsically be) and concentrate the limited human and material resources available to the Economic Warfare Committee on the implementation of these chosen measures. The establishment of an adequate financial rewards and incentives program should probably be given top priority. The technical feasibility and cost factors of the barrier concept from Saigon northwest to the "Parrot's Beak" should also be seriously looked into.

7. Though economic warfare is not our primary field of responsibility or specialist expertise, we will, of course, do everything we can to support the Mission's programs in this field.


Special Assistant for Vietnamese Affairs

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